

## Concept Note

### Measuring Illicit Financial Flows: Global experiences

*Side event at the 54<sup>th</sup> United Nations Statistical Commission: 16<sup>th</sup> February 2023*

#### Background

Illicit financial flows (IFFs) present themselves in the form of corruption, tax avoidance and evasion, transnational organised crime, trade mis-invoicing and profit shifting. Global leaders have recognized the impact of illicit financial flows on sustainable development financing. Specifically, illicit financial flows deprive countries of the much-needed revenue to finance sustainable development endeavours such as mitigating the effects of climate change, education, green economy, poverty eradication, health, gender inclusion among others. To guarantee peace, justice and strong rule of law countries need to act and recover proceeds of crime. By eroding the tax base and discouraging public and private investment, IFFs obstruct efforts towards inclusive and resilient recovery, structural transformation of economies and efficiency of sustainability-driven growth policies. It is therefore important to quantify and analyse IFFs from various sources, and design and implement relevant policies within integrated national financing frameworks for sustainable development.

#### Efforts to measure IFFs

The United Nations General Assembly adopted the indicator framework for the monitoring of progress towards SDGs with indicator 16.4.1 on the “total value of inward and outward illicit financial flows (in United States dollars)” selected as one of two indicators to measure progress towards target 16.4 to “significantly reduce illicit financial (and arms) flows by 2030, strengthen the recovery and return of stolen assets and combat all forms of organized crime”. UNCTAD and UNODC are custodian agencies of indicator 16.4.1 and their respective statistical sections jointly developed a *Conceptual Framework for the Statistical Measurement of Illicit Financial Flows*<sup>1</sup> in 2020. The Framework was endorsed by the UN Statistical Commission in March 2022.,<sup>2</sup> Currently, there is no data reported on indicator 16.4.1 in the global database but countries’ efforts to measure this indicator are increasing with the support by custodian agencies and UN regional commissions, and preliminary estimates are expected to be reported in early 2023.

To date, methodologies to measure IFFs have been tested by 22 countries on three continents in efforts coordinated by UN regional commissions (ESCAP, ECA) and UNODC field Offices (on crime related IFFs), alongside UNCTAD and UNODC statistics. This includes 12 African countries, 4 Latin American and 6 Asian countries that have produced first estimates of commercial or crime-related IFFs. As lessons are learned and estimation methods are tested and refined, interest from countries to systematically and regularly

---

<sup>1</sup> [https://www.unodc.org/documents/data-and-analysis/statistics/IFF/IFF\\_Conceptual\\_Framework\\_for\\_publication\\_FINAL\\_16Oct\\_print.pdf](https://www.unodc.org/documents/data-and-analysis/statistics/IFF/IFF_Conceptual_Framework_for_publication_FINAL_16Oct_print.pdf)

<sup>2</sup> <https://unstats.un.org/unsd/statcom/53rd-session/documents/2022-14-CrimeStats-E.pdf>

measure IFFs is growing, and a global effort by all UN regional commissions and the custodian agencies starts in 2023.

The side event, co-organized by ESCAP UNODC UNCTAD and ECA will showcase success stories in the measurement of IFFs and share key lessons that are critical to regularizing the production of data on SDG 16.4.1. The successes and lessons will be presented by country experts. On 16 November 2022, a resolution by the 2<sup>nd</sup> Committee of the General Assembly on illicit financial flows recognized the significant progress and availability of concepts and tested methods to measure illicit financial flows and **encouraged “all Member States to report on Sustainable Development Goal indicator 16.4.1, using the methodology adopted by the Statistical Commission**, and called upon the United Nations system entities, international organizations and donors to work in coordination with the custodian agencies to train national statistical offices and other entities in charge of reporting on illicit financial flows on these agreed methods”.

The event will be open and will be virtual between 9.00am-11.00 am New York time. For more details contact Mr Alick Mjuma Nyasulu on [nyasulua@un.org](mailto:nyasulua@un.org).

- **Meeting Link**

- [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_NmFkZWVZjctMTJhOS00NGU4LWI5OWYtZjU0N2JhYjhiNGQ5%40tHread.v2/0?context=%7b%22Tid%22%3a%220f9e35db-544f-4f60-bdcc-5ea416e6dc70%22%2c%22Oid%22%3a%224a100ff0-5b6f-4738-85c3-018eeb9f694c%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_NmFkZWVZjctMTJhOS00NGU4LWI5OWYtZjU0N2JhYjhiNGQ5%40tHread.v2/0?context=%7b%22Tid%22%3a%220f9e35db-544f-4f60-bdcc-5ea416e6dc70%22%2c%22Oid%22%3a%224a100ff0-5b6f-4738-85c3-018eeb9f694c%22%7d)
- [Meeting options](#)

- **Registration form**

- To submit
  - <https://forms.office.com/e/1nLrHrrqKc>

- **Event time verification**

- <https://www.timeanddate.com/worldclock/fixedtime.html?msg=UNSC54+Side+Event%3A+Measuring+Illicit+Financial+Flows%3A+Global+experiences&iso=20230216T09&p1=179&ah=2>
- <https://bit.ly/3kOWZpa>

## Proposed Programme

Time	Topic	Speaker	Moderator
9.00-9.05	Introductory remarks	Ms Rachael Beaven, Director, ESCAP Statistics Division  UNODC Research and Trend Analysis Branch Chief, Ms. Angela Me	ESCAP
9.05-9:50	Experiences in measuring tax (and commercial) and crime related IFFs in Asia	Country representatives from Uzbekistan Kyrgyzstan and Bangladesh	ESCAP
9.50-9:55	Questions and Answers		ESCAP
9:55-10:25	Experiences in measuring tax and commercial IFFs in Africa	Country representatives from two countries in Africa (UNCTAD/ECA to identify)	UNCTAD/ECA
10:25-10:30	Questions and Answers	UNCTAD/ECA	UNCTAD/ECA
10:30-10:50	Experiences and estimates of crime related IFFs in Latin America.	Proposed Mexico (INEGI) and UNODC COCOL	UNODC
10:50-10:55	Questions and Answers	UNODC	UNODC
10:55-11:00	Closing and way-forward	UNCTAD/ECA	ESCAP